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ALVIN E. DODD

The President's Scratch-Pad

Postwar Labor Relations

Implicit in all the planning that is now being done for the bright new world to which we look forward after victory is the expectation that the postwar era will not only provide wonderful new economic opportunities but it will also produce new and improved economic and social relationships. Indeed, judging from the confident views expressed by some management executives, this is more than just a hope; on the part of many people it is a downright assumption.

An industrial relations executive, for example, remarked to a group recently that he was confident that after the war, relations between labor and management would show vast improvement over what they were just before the war started. He was a man who himself had been "through the mill" with labor and was even currently engaged in settling a serious dispute in one of his company's plants. When asked to give reasons for his belief, he answered that it was too long a story and that perhaps his reasons might not sound so "reasonable" to other people as they seemed to him.

What *did* he mean? And what does his kind of thinking indicate?

We might assume that he was considering a few promised developments which are being mentioned occasionally in the press at the present time, such as a "curb" on labor, a drive to make unions more "responsible" and a general anti-labor swing in the pendulum

of public opinion. There is probably a good chance also that these things do not actually form the real basis for his belief at all and that he has arrived through hope and intuition at his present state of mind. He senses that up until a few years ago relations between management and labor were deteriorating so rapidly that a complete breakdown was only a question of time. The war has at least delayed that blowup. But it may also have done something more.

The war has literally forced a greater degree of cooperation upon labor and management—cooperation that may well survive the war. Workers have learned more about the problems of production, and, vastly larger numbers of them are better trained to understand management problems because of the amazingly effective industrial training projects to which the war gave birth.

The Returning Service Man

But there is another factor that will have a tremendous bearing upon postwar labor relations, namely, the returning service man. To industry the returning soldier represents both a great opportunity and a great responsibility. These men will be older when they return—not just in years, but in their ways of thinking.

It is said that army life makes men; it does. The army recruit learns the importance of things whose value he never realized before; he learns how comradeship can make life easier and hap-

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TRENDS IN BUSINESS

GENERAL OUTLOOK

"Complacency" over war prospects in the European theater has now assumed a certain amount of respectability, with consequent speculation as to just how big a cutback victory over the Nazis will bring. The U. S. Department of Commerce has called upon every community in the nation to make a survey of postwar jobs, warning that private business must be ready to provide productive work "when the war is won, not at some vague later date."

Business Week predicts a cut of possibly 50 per cent in the ground force munitions program, but continued emphasis on naval shipbuilding and greater stress on production of heavy bombers, with a falling off of the need for fighters and trainers. Five million persons may be released from war jobs, and 3,000,000 from the armed forces, it declares.

In any event, defeat of the Nazis should bring a certain amount of deflation, and if it comes in time, may head off the rising inflationary forces, which are stronger now than ever. Unions are out to break the Little Steel formula, and this time they mean business, especially since the coal award has shown them that it is possible to defy the National War Labor Board with impunity.

PRODUCTION

According to a calculation by the Board of Governors of the Federal Reserve System, some 70 per cent of industrial production is now for war purposes. Output was well maintained in October, and the first part of November, and new bookings, in most cases above shipments, rose 3 per cent in September. Steel output reached a record high in October, 7,786,359 net tons, or 115,000 tons above the previous peak

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Trends in Business

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in March. Production of airplanes amounted to 8,362 units.

CONSTRUCTION

Building permits, exclusive of those for war production, rose moderately in October, totaling \$48,286,921 in 215 cities, or 8 per cent above the figure registered in October, 1942. Permit values for the first 10 months of this year, however, were off 42.2 per cent from the corresponding period last year.

SECURITY MARKETS

Yields of all common stocks regularly traded on the New York Exchange are now about twice as high as the yields of high-grade corporation bonds, the Cleveland Trust Company reports. "It seems probable," says the company's *Business Bulletin*, "that future market movements will tend to bring about a closer approach to the old relationships than we now have."

During the first half of November markets fluctuated widely, and peace rumors in the second week of the month pulled down stock prices, although the market rallied later, and volume remained high.

MANPOWER

The shrinkage in the over-all workforce which was evident in September continued during October, when employment fell to 51,900,000, or 600,000 below the figure for September and 500,000 below the total for October, 1942, according to Bureau of Census figures. A large part of the drop is attributed to inductions into the armed services.

DISTRIBUTION

While retailers' inventories have increased to meet earlier Christmas buying, the volume of merchandise production is not enough to satisfy the wholesale buyers whose inventories remain almost unchanged, registering only slight gains over the last two months.

Further shortages are likely in the future, says the National City Bank, "but production plus inventories supports an amount of civilian business which confounds the prophets of a year ago."

SOURCES:

ALEXANDER HAMILTON INSTITUTE
BROOKMIRE, INC
BUSINESS WEEK
CLEVELAND TRUST COMPANY
DUN'S REVIEW
FEDERAL RESERVE BANK OF
NEW YORK
NATIONAL CITY BANK

What Managers Are Saying

RETURNING SOLDIERS

A very timely problem, and in my opinion a most important one, is the matter of rehabilitation of debilitated and physically handicapped men returning to civilian life from the battlefronts of the world. It has a very definite relationship to insurance exposures and rates, and yet the problem as a whole is much broader in scope. Certainly we as employers have a tremendous moral obligation to these men.

Most employers have long since established peacetime standards of physical and mental fitness for their employees—standards which would automatically prevent these men from resuming their chosen occupations, and in many cases deny them the right to earn a decent livelihood. The problem is not altogether the same as the one we faced after the last war, especially insofar as ailments of a mental nature are concerned. The widespread use of the airplane in war and the incident mental and emotional instabilities caused thereby, as well as the physical effects of rapid changes in altitude during dive-bombing and similar operations—all these have injected new factors into the picture. The ultimate effects of many of these new conditions are not yet fully understood by doctors and psychiatrists.

Employers may follow any one or a combination of several procedures in responding to this problem, of which the following are merely suggestive:

1. Refuse to hire anyone who does not measure up to peacetime standards.
 2. Allow present standards (if they are somewhat lower than those of peacetime) to remain until complete postwar readjustment has been made.
 3. Lower the standards and devote more attention to job placement, with:
 - a. Periodic physical or mental check-ups.
 - b. Records of individual performance from the standpoint of efficiency and safety.
 - c. Analysis of transfers to other jobs within the organization.
- L. S. Holstad, Assistant Treasurer, Northwest Airlines, Inc.

PRODUCTION CONTROL

Production control is frequently handicapped by being made a separate function, with only a loose connection with the selling and merchandising end. For example, it is often attached to the general mill management while the control and distribution of stocks are placed under the sales division. As a result, the factory is required to produce short runs repeatedly, or finds itself burdened under an enormous variety of products. Coordination of requirements, stocks, and production control, in my experience, is a prerequisite to effective production control.

—Manufacturer.

WASTING MANPOWER

In spite of the 48-hour week and the publicity given to the use of incentive plans to stretch out the available manpower, there still seems to be a shortage.

And the shortage will surely get worse before it gets any better.

From my observations of government and industrial installations, we are still continuing on our merry way wasting at least 50 per cent of the manpower available for productive work because of poor operating methods. Then too we have only scratched the surface so far as mobilizing woman power goes.—Engineer.

SMALL BUSINESS

We have heard a lot about postwar planning, but it is all pretty big stuff, and not much has been said about what the little fellow can do now to get started in a modest way, and get himself in position to do things once the war is over. Give us little guys just a little attention, whether the subject under discussion be postwar planning, advertising policies, sales training, compensation, or whatnot. I don't think we are dumb, but it is pretty hard to fit a lot of this million-dollar planning into a small business.—Food Manufacturer.

EDUCATING CONSUMERS

The capacity of the American people to consume appears to be directly related to the level of public education. Twenty per cent of the men called under Selective Service had less than a fourth-grade education. Several hundred thousand (the figure has been estimated at three-quarters of a million) were so illiterate that they were rejected under the general term, "inadequate personality."

Obviously this large segment of society contributes little to our economic well being. What might be the influence of substantially raising our standards of public education, with the thought that such a program would materially increase our capacity to consume and produce?—Furniture Company Executive.

BACK INTO A FREE-FOR-ALL?

The various war orders and restrictions which have been issued in our field have, in most cases, actually been a benefit to our industry. They have forced the elimination of scattered and unprofitable distribution, eliminated certain obnoxious trade practices, and not only have generally enabled us to produce and distribute more profitably but have actually kept prices lower for the consumer.

In my visits around the country, however, I find most everyone everywhere waiting for the day when they can jump right back into the old-time scramble. In fact, the chief worry of many is whether they can get into it fast enough to beat their competitors.

Now the point I wonder about is this: Have we really learned anything from the economic improvements forced on us, or is business merely waiting for the gong to ring to go back into a grand free-for-all? Isn't there some better way for business men to get together and work out their problems by drafting codes for behavior better than what we have had in the past?

Isn't there some possibility that a new form of self-regulation might be developed, without fear of Sherman anti-trust prosecution on the one hand, or actual resort to government dictation on the other?—Food Industry Executive.

RESEARCH DEPARTMENT

Christmas Bonuses

With Christmas approaching, a number of companies have sent in inquiries regarding bonuses permissible under wage and salary stabilization regulations. In this connection, it is important to note that National War Labor Board regulations and those of the Treasury Department differ to a considerable extent.

NWLB RULINGS

The National War Labor Board announced on November 16 that regular Christmas bonuses may be paid without approval if they do not exceed bonuses given last year. The board reaffirmed its General Order No. 10, issued on November 6, 1942, which gives blanket approval to fixed-sum bonuses which are no greater than those paid in past years and to those computed on a percentage basis where the percentage rate and method of computation remain unchanged from last year.

Other bonuses may be permitted upon application to the board, but approval will probably be harder to obtain than it was last Christmas. "Such applications," says the Board's announcement, "will be approved only in exceptional cases where failure to pay the bonus would be grossly inequitable and would result in a manifest injustice to the employees involved."

TREASURY BONUSES

Treasury regulations are tighter than they were last year, although less stringent than under the September 4 rulings, which have recently been modified. No application is now necessary to pay bonuses for the bonus year 1943, or subsequent years, if such bonuses meet any one of the following conditions:

1. If the employee's base salary has not been increased since October 3, 1942, (in the case of salaries of more than \$5,000 per annum), or October 27, 1942, (in the case of salaries of \$5,000 or less per annum), as the case may be, he may be paid a bonus which does not exceed the higher of the following amounts: (a) the dollar amount paid for the employer's last accounting year ended prior to October 3, 1942, or (b) the dollar amount of a bonus authorized under the Salary Stabilization regulations for the employer's first accounting year ending after October 3, 1942, provided the bonus does not exceed 50 per cent of the base salary.

2. If the employee's base salary has been increased since October 3, 1942, he may be paid a bonus not to exceed the same dollar

amount of bonus paid him for the employer's first accounting year ending after October 3, 1942, provided the bonus does not exceed 20 per cent of his present base salary.

3. If the employee has been paid regularly, in accordance with an established policy of the employer, a bonus based on a percentage of salary, such bonus payment may be made, regardless of dollar amount, provided the percentage has not been

changed since October 3, 1942, or October 27, 1942, as the case may be.

4. An employee may also be paid a bonus which, together with all other compensation for personal services, does not increase his total compensation for the current year over the total earned in the calendar year, 1941, by more than (a) 15 per cent if the total compensation for the year 1941 was \$2,400 or less, (b) 10 per cent if the total compensation for the year 1941 was over \$2,400 but not over \$4,000, (c) 5 per cent if the total compensation for the year 1941 was over \$4,000 but not over \$7,500.

Base salary for the purposes of this statement means salary exclusive of bonuses and other forms of additional compensation.

HEARD AT A M A MEETINGS

If you want to know whether or not you are complying with stabilization regulations, try this exercise. Imagine that somebody from the National War Labor Board or the Treasury Department has walked in and asked to see your salary schedule. What records would you have? How could you justify your practices? How convincing a proof could you offer that you are complying with regulations?

Ask yourself those questions; and if you have any misgivings put your house in order, because checks are going to be made—not in every establishment, but on a sample basis.—A. L. KRESS, Republic Aviation Corporation.

* * *

I think a very good definition of an optimist would be "a labor union leader who looks forward with glee to the period following the war." It is just not going to be fun for him. In fact, I think management may have to step in and help defend legitimate labor unions against an irate public.—ELMO ROPER, conductor of *Fortune's* polls.

* * *

Why do we try to place the blame for manpower shortages on everybody but ourselves? We say it is because of Selective Service withdrawals. We say it is because the U. S. Employment Service refers our workers away from us. We say it is because the War Manpower Commission will not permit us to recruit where we want and when we want. We say it is because of union practices and rules and attitudes. We say it is because the workers won't work. . . . Why don't we admit that we don't have enough manpower, that we can't keep the manpower we have, that we can't get people to work as they should because we ourselves are not doing what we should

do. A perfect personnel administration would mean a stabilized labor force; it would mean much greater production than we are now attaining; it would mean that 98 per cent of the difficulties now in existence would not be facing us.—LAWRENCE A. APPEL, Deputy Chairman and Executive Director, War Manpower Commission.

* * *

It is the considered judgment of hundreds of local boards that industry has made the tasks of the local board members extremely difficult by the retention of young men simply because it is more convenient to do so, and that if the practice is pursued consistently, an unfavorable public reaction is certain. When it comes, the pendulum cannot be arrested on center, but will go to a point approaching total elimination.—GENERAL LEWIS B. HERSHEY.

* * *

I cannot say what the ultimate aim of labor will be. That aim will be worked out day by day, week by week, month by month, and year by year. As far as my own union is concerned, we have no desire to control industry. All we desire to do is to bargain collectively for wages, hours, and working conditions. The responsibility for controlling industry as such rests with industry itself.—VAN A. BITTNER, United Steelworkers of America.

* * *

Personally I agree with Dean Wayne L. Morse, William Davis, and other members of the War Labor Board that the NWLB will not be continued as a peacetime organization. My own guess is that we shall witness a great public demand for state governmental agencies somewhat along the line of the New York Mediation Board.—ALMON ROTH, Industry Member, NWLB.

ACTIVITIES of the AMA

Insurance Developments to Be Analyzed At Conference in Cleveland, Dec. 1 - 2

Workmen's Compensation, Wartime Adjustment of Losses, Postwar Prospects Among Topics

Insurance trends which have gained headway since the outbreak of the war, particularly those which were not originally anticipated, will be analyzed at AMA's Winter Insurance Conference, to be held December 1 and 2 at the Hotel Statler, in Cleveland.

Among the special sessions planned is one on "The New Workmen's Compensation and Public Liability Rating Program," which will be held on the afternoon of December 1. Clayton G. Hale, of Hale & Hale Company, will preside, while speakers will include John R. Blades, Insurance Consultant; Fred J. Bristle, Vice President, W. A. Alexander & Co.; William Leslie, General Manager, National Bureau of Casualty and Surety Underwriters; and Hubert W. Yount, Vice President, Liberty Mutual Insurance Company.

The first day's program will include, in addition, a talk on "Self-Insurance for the Average Company," by W. J. Steidle, Manager, Insurance Department, Bethlehem Steel Company; a discussion of "Recent Developments in Fidelity Bonding," by Peter A. Zimmermann, Assistant Secretary, Towner Rating Bureau, Inc., and Carl H. Kuhn, Manager, Fidelity and Deposit Company of Maryland, and an address on "Insurance in a Postwar World," by William D. Winter, President, Atlantic Mutual Insurance Company.

Speakers on the morning of December 2, when the topic will be "A Practical Insurance Program for Industry," will be H. L. Hubbell, Director, Real Estate & Insurance, Westinghouse Electric & Manufacturing Company; W. H. Kamp, Comptroller, Bristol-Myers Company; and Byron Picton, W. A. Cavanaugh, and R. D. Falconer, all of Picton Cavanaugh, Inc.

The final conference session, on the afternoon of December 2, will be devoted to a question-and-answer session on "Wartime Problems in the Adjustment of Losses." Herbert L. Jamison, partner in the firm of Herbert L. Jamison & Co., will be chairman, and the panel will be composed of: Chester A. Leach, Insurance Manager, The Glidden Company; Robert F. Dunphrey, President, Appraisal Affiliates, Inc; Basil E. Pren-



William F. Lund

tice, Assistant Superintendent of the Claim Department, The Hartford Steam Boiler Inspection and Insurance Company; William G. Ball, Chief Adjuster, Associated Factory Mutual Fire Insurance Companies; A. C. Guy, Regional Supervisor, Western Adjustment and Inspection Company; and Commander Frank S. Glendening, Supply Corps, U. S. Naval Reserve, Fourth Naval District, Philadelphia.

Sessions have been planned under the direction of William F. Lund, AMA Vice President in charge of the Insurance Division.

The President's Scratch-Pad

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pier, that there are other things more important than himself. He begins to understand his own importance in the endeavors of its group. He gains a new sense of worthwhileness and consequently, a new sense of dignity—and responsibility.

It will be industry's job to handle

January Conference To Consider Trends In Marketing Field

The AMA's annual Marketing Conference is scheduled for January 12-13, 1944 at the Hotel Waldorf Astoria, New York City.

Among the topics to be discussed will be sales policies, major trends in distribution, shifts in the nation's income structure and new buying habits, organization for market research, new developments in advertising.

Also governmental controls over marketing after the war, the coming pattern in industrial employment, and selection, training, and compensation of the post-war sales staff.

Out-of-Print Numbers Of PERSONNEL Needed

Several back issues of AMA's bi-monthly magazine, PERSONNEL, are now out of print, and the AMA will be deeply grateful to any members who will send in those for which they no longer have any use.

Issues needed are February, May, and November of 1927; February, 1928; November, 1929; February and November, 1930; February, August, and November, 1931; May and November, 1932; May and August, 1933; May, August, and November, 1934; August, 1935; May, August, and November, 1936; February and May, 1937; August, 1938.

Also, May, 1939; February, 1940; January, March, and September, 1941; January, March, September, and November, 1942; and January, 1943.

these men so that these priceless qualities will not be permitted to shrivel. Industry must nourish this feeling of status in the individual.

The connection between the state of mind of these veterans and our labor relations future may seem tenuous, but it will be very real. It is responsibility in the individual that counts. If responsibility is there, there will be no need to attempt to legislate responsibility.

Alvin E. Dodd

